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OPEN MEETING AGENDA ITEM

BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP COMMISSION
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COMMISSIONERS

GARY PIERCE - Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE APPLICATION OF
ARIZONA WATER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

DOCKET NO. W-01445A-06-0199

IN THE MATTER OF THE APPLICATION OF
PALO VERDE UTILITIES COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

DOCKET NO. SW-03575A-05-0926

IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

DOCKET NO. W-03576A-05-0926

IN THE MATTER OF THE APPLICATION OF
PALO VERDE UTILITIES COMPANY FOR AN
EXTENSION OF ITS EXISTING CERTIFICATE
OF CONVENIENCE AND NECESSITY.

DOCKET NO. SW-03575A-07-0300

IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY FOR AN
EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. W-03576A-07-0300

ARIZONA WATER COMPANY, AN ARIZONA
CORPORATION,

COMPLAINANT,

VS.

GLOBAL WATER RESOURCES, LLC, A
FOREIGN LIMITED LIABILITY COMPANY;
GLOBAL WATER RESOURCES, INC., A
DELAWARE CORPORATION; GLOBAL
WATER MANAGEMENT, LLC, A FOREIGN
LIMITED LIABILITY COMPANY; SANTA
CRUZ WATER COMPANY, LLC, AN ARIZONA
LIMITED LIABILITY CORPORATION; PALO
VERDE UTILITIES COMPANY, LLC, AN
ARIZONA LIMITED LIABILITY

DOCKET NO. W-01445A-06-0200
DOCKET NO. SW-20445A-06-0200
DOCKET NO. W-20446A-06-0200
DOCKET NO. W-03576A-06-0200
DOCKET NO. SW-03575A-06-0200

CORPORATION; GLOBAL WATER – SANTA CRUZ WATER COMPANY, AN ARIZONA CORPORATION; GLOBAL WATER – PALO VERDE UTILITIES COMPANY, AN ARIZONA CORPORATION; JOHN AND JANE DOES 1-20; ABC ENTITIES I-XX,

RESPONDENTS.

IN THE MATTER OF THE JOINT APPLICATION OF CP WATER COMPANY AND FRANCISCO GRANDE UTILITIES COMPANY TO TRANSFER THEIR CERTIFICATES OF CONVENIENCE AND NECESSITY AND ASSETS TO PALO VERDE UTILITIES COMPANY AND SANTA CRUZ WATER COMPANY.

DOCKET NO. WS-01775A-07-0485
DOCKET NO. SW-03575A-07-0485
DOCKET NO. W-02442A-07-0485
DOCKET NO. W-03576A-07-0485

PROCEDURAL ORDER

On December 22, 2010, the Arizona Corporation Commission's ("Commission") Hearing Division issued its Recommended Opinion and Order ("ROO") in the above-captioned matter. Upon issuance of the ROO, exceptions were due to be filed by January 3, 2011, and the ROO was tentatively scheduled to be considered at the Commission's January 11 and 12, 2011, Open Meeting.

On December 30, 2010, Arizona Water Company ("AWC"), Global Water-Santa Cruz, and Global Water-Palo Verde (collectively "the Utilities")¹ filed a Request for an Extension of Time to File Exceptions to the Recommended Opinion and Order and Request for Accelerated Consideration ("Request"). The Utilities' Request sought an extension of time, until February 21, 2011, to file exceptions to the ROO and stated that the Utilities desire that the ROO be placed on the Commissioner's March 1 and 2, 2011, Open Meeting. The Utilities stated that due to holiday schedules; the complexity of the issues raised in the matter; and a pending arbitration which could impact the Utilities' positions on the issues, additional time was needed. The Request also stated that the Commission's Utilities Division ("Staff") did not oppose the Request.

On January 11, 2011, by Procedural Order, the Utilities' Request for an extension of time, until February 21, 2011, to file exceptions to the Recommended Opinion and Order, was granted.

On February 16, 2011, Global Water-Santa Cruz and Global Water-Palo Verde (collectively "Global Utilities") filed a Motion to Withdraw the Francisco Grande Transfer Application

¹ In Decision No. 69920 (September 27, 2007), the Commission approved the requests of Palo Verde Utilities Company, LLC, and Santa Cruz Water Company, LLC, to transfer their respective assets and CC&Ns to the newly formed corporations known as Global Water-Palo Verde and Global Water-Santa Cruz.

1 (“Motion”). The Global Utilities’ Motion states that Global Water, Inc. (“Global”), the parent
2 company for the Global Utilities, entered into a stock purchase agreement (“SPA”) with Francisco
3 Grande Utilities Company (“Francisco”) whereby Global Water Inc., purchased the stock of
4 Francisco. According to the Global Utilities, new stock certificates were issued for Global, but the
5 shares and the purchase price were held in escrow pending regulatory approvals, subject to an August
6 19, 2010, deadline. The Global Utilities state that the SPA expired and the stock reverted back to the
7 prior owner and the owner contested the reversion. The Global Utilities stated that on February 7,
8 2011, an arbitration panel ruled in favor of Global and ownership of Francisco remained with the
9 prior owner and therefore, the Global Utilities are seeking to withdraw the transfer application.

10 On February 16, 2011, Craig A. Marks, Esq. filed a Notice of Substitution of Counsel on
11 behalf of Francisco.

12 On February 22, 2011, Francisco filed a request for an extension of time to file exceptions to
13 the ROO. Francisco’s request states that it needs additional time to file exceptions to the ROO
14 because the record is no longer accurate, in that Global no longer owns Francisco; Francisco no
15 longer supports the Settlement Agreement approving planning areas for AWC and the Global
16 Utilities; and that it is likely Francisco will seek to withdraw the transfer application, but needs
17 additional time to determine its position.

18 On the same date, Francisco filed a response to the Global Utilities motion to withdraw the
19 transfer application. Francisco’s response states that originally Francisco and the Global Utilities
20 were co-applicants in the transfer matter along with CP Water Company. However, because Global
21 no longer owns Francisco it cannot act on Francisco’s behalf by filing a motion to withdraw the
22 transfer application and that the Commission should deny the Global Utilities Motion.

23 On February 24, 2011, the Global Utilities filed a reply to Francisco’s response to the motion
24 to withdraw. The Global Utilities stated that they agree that they cannot act on behalf of Francisco;
25 that the Motion was submitted on behalf of the Global Utilities and CP Water Company; that as co-
26 applicants they have standing to request withdrawal of the application; and that because the
27 application seeks to transfer the assets of Francisco to the Global Utilities, the Global Utilities’
28 consent is necessary. The Global Utilities reiterate their request for withdrawal of the application.

1 On the same date, the Global Utilities filed a Response in Opposition to Francisco's Motion
2 for an Extension of Time. The Global Utilities assert that granting Francisco an extension of time is
3 unnecessary because Francisco was aware of the ROO shortly after it was issued; that counsel for
4 Francisco discussed the ROO during the arbitration proceedings; that the arbitration award was issued
5 two weeks prior to the deadline for docketing exceptions to the ROO; and that no cause exists for
6 extending the deadline a second time.

7 On February 24, 2011, Francisco filed a Motion to Reopen Record to Hear Additional
8 Testimony. Francisco's motion argues that the record is inaccurate because Global no longer owns
9 Francisco; that Francisco no longer supports the Settlement Agreement; and that due process
10 demands that Francisco have an opportunity to present evidence and legal arguments regarding the
11 designated planning areas.

12 On March 4, 2011, the Global Utilities filed a response to Francisco's motion to reopen the
13 record in this proceeding. The Global Utilities response states there are no grounds for re-opening
14 the record; no facts are in dispute; and Francisco's due process rights or rights under its CC&N are
15 not being harmed.

16 On March 7, 2011, the Commission's Utilities Division ("Staff") filed a response to the
17 Global Utilities motion to withdraw the Francisco application. Staff states that as co-applicants in the
18 transfer application, Staff believes the Global Utilities may seek to withdraw the transfer application,
19 and that Staff has no objection to the Motion.

20 On March 8, 2011, Francisco filed a Reply to Staff's Response to Global's Motion to
21 Withdraw Francisco Grande Application. Francisco states that it no longer objects to Global's
22 motion to withdraw the transfer application, subject to Francisco's rights not being affected as a full
23 party to this matter.

24 On the same date, Francisco filed a Reply to Global Utilities Response to Motion to Reopen
25 Record. Francisco states it opposes the Settlement Agreement, specifically the requested planning
26 areas; that there are facts in dispute; and that Francisco's rights under its CC&N could be affected by
27 being included in the proposed planning areas. Further, Francisco objects to the Global Utilities
28 suggestion to alternatively sever the transfer docket from the remaining dockets.

1 Accordingly, a procedural conference should be scheduled to discuss the pending motions in
2 this matter .

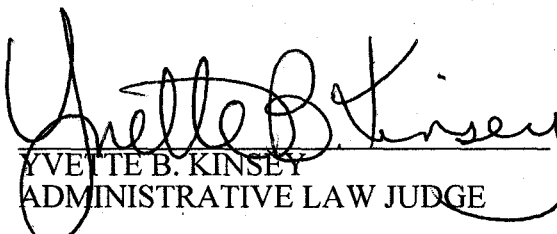
3 IT IS THEREFORE ORDERED that a **procedural conference** shall be held on **March 22,**
4 **2011, at 10:00 a.m.** at the Commission's offices, 1200 West Washington Street, **Room 100**, Phoenix,
5 Arizona, to discuss the pending motions in this matter.

6 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113-Unauthorized
7 Communications) continues to apply to this proceeding and shall remain in effect until the
8 Commission's Decision in this matter is final and non-appealable.

9 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
10 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Arizona
11 Supreme Court Rule 42). Representation before the Commission includes the obligation to appear at
12 all hearings, procedural conferences, and Open Meetings for which the matter is scheduled for
13 discussion, unless counsel has previously been granted permission to withdraw by the Administrative
14 Law Judge or Commission.

15 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
16 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

17 DATED this 18th day of March, 2011.

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YVETTE B. KINSEY
ADMINISTRATIVE LAW JUDGE

24 Copies of the foregoing mailed/delivered
25 this 18th day of March, 2011 to:

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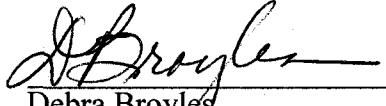
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